



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

September 29, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**REDEVELOPMENT AGENCY OF THE CITY OF LAWDALE  
REQUEST FOR SUBORDINATION OF CERTAIN PASS-THROUGH PAYMENTS  
TO COUNTY TAXING ENTITIES ON THE  
LAWDALE REDEVELOPMENT PROJECT AREA  
(SUPERVISORIAL DISTRICT 2)  
(3 VOTES)**

**SUBJECT**

Recommendation to approve a Resolution subordinating the County of Los Angeles', the Fire District's, the Library District's, and the Flood Control District's right to receive certain pass-through payments from the Redevelopment Agency of the City of Lawndale Redevelopment Project Area to the Agency's 2009 tax allocation bonds.

**JOINT RECOMMENDATION WITH THE FIRE CHIEF AND THE DIRECTOR OF  
PUBLIC WORKS THAT YOUR BOARD:**

Approve a Resolution subordinating the County of Los Angeles', the Fire District's, the Library District's, and the Flood Control District's right to receive certain pass-through payments from the Redevelopment Agency of the City of Lawndale ("Agency") Redevelopment Project Area ("Project") to the Agency's 2009 tax allocation bonds (the "2009 Bonds").

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

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### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Project was adopted on June 21, 1999. The Agency intends to issue its 2009 Bonds in one or more series, on or before December 31, 2009, and in an aggregate principal amount not to exceed twenty-four million dollars (\$24,000,000.00). The Agency is preparing to issue the 2009 Bonds for the purpose of financing a portion of redevelopment activities. The subordination of certain payments to taxing entities is required by law based on a timely agency request and showing that sufficient funds to pay both debt service and pass-through payments to affected taxing agencies will be available when payments are due. The County Chief Executive Officer, Fire Chief, Librarian, and Director of Public Works each received a subordination request from the Agency on August 21, 2009.

### **FISCAL IMPACT/FINANCING**

Health and Safety Code Section 33607.5(e) provides that certain pass-through payments to taxing entities may be subordinated to a redevelopment agency's payments for debt service. The County may disapprove a request for subordination only if it finds, based on substantial evidence, that the agency will not be able to pay both the debt service payments and the pass-through payments to the affected taxing entities. The Agency's tax increment projections, reviewed by this Office, indicate that there will be sufficient coverage to satisfy the debt service on the 2009 Bonds, and the required pass-through payments to the taxing entities.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

As the Project was adopted in 1999, it falls within the parameters of Section 33607.5. Section 33607.5(e)(3) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." Failure to act within 45 days after receipt of the agency's request (in this case, October 5, 2009) constitutes County approval of the agency's request to subordinate to the bonds. County Counsel indicates that approving subordination to the bonds by express resolution is preferable to failing to take action within 45 days.

**CONCLUSION**

At such time as the recommendation is approved by your Board, please return one copy of this letter and Resolution to the Chief Executive Office, Office of Unincorporated Area Services, and one copy of the letter and Resolution to the Auditor-Controller, Tax Division.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer



P. MICHAEL FREEMAN  
Fire Chief



GAIL FARBER  
Director of Public Works

WTF:PMF:GF  
LS:DSP:RTM:ib

Attachment

- c: Acting County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller  
Executive Director, Lawndale Redevelopment Agency

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF  
LOS ANGELES TO SUBORDINATE THE COUNTY TAXING ENTITIES' RIGHT TO  
RECEIVE CERTAIN PASS-THROUGH PAYMENTS TO THE REDEVELOPMENT  
AGENCY OF THE CITY OF LAWDALE, LAWDALE REDEVELOPMENT  
PROJECT, 2009 BOND ISSUANCE**

**WHEREAS**, the City Council of the City of Lawndale on June 21, 1999 adopted Ordinance No. 860-99 adopting the Redevelopment Plan for the Redevelopment Project (the "Project");

**WHEREAS**, the Lawndale Redevelopment Agency intends to issue tax allocation bonds, in one or more series, on or before December 31, 2009, in an aggregate principal amount not to exceed twenty-four million dollars (\$24,000,000.00) (hereafter referred to as the "2009 Bonds");

**WHEREAS**, the 2009 Bonds will be payable from tax increment revenues collected within the Project area;

**WHEREAS**, the County of Los Angeles ("County") received a letter on August 21, 2009 from the Lawndale Redevelopment Agency (the "Agency") advising its intention to issue the 2009 Bonds, and requesting that the County, the Los Angeles County Fire District ("Fire"); County Flood Control District ("Flood"), and the County Library District ("Library") (collectively "Taxing Entities") subordinate its statutory pass-through payments to the payment of debt service on the proposed 2009 Bonds;

**WHEREAS**, the Agency made its request pursuant to Health & Safety Code Section 33607.5 ("Section 33607.5");

**WHEREAS**, Section 33607.5 provides that the amount required to be paid to an affected taxing entity may be subordinated to bonds under certain circumstances;

**WHEREAS**, the requested subordination does not lessen or eliminate the Agency's obligation to make the required payments to the Taxing Entities under Section 33607.5 and is intended to permit the Agency to obtain a higher credit rating on its bonds and thus lower the Agency's financing costs;

**WHEREAS**, Section 33607.5 provides that if the redevelopment agency requests an affected taxing entity to subordinate the amount to be paid to it, prior to the agency incurring any bonded indebtedness, and the agency provides substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity must approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting subordination, and that the taxing entity may disapprove the request only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 33607.5; and

Subordinate the County's Right to Receive  
Pass-Through Payments to the Lawndale  
Redevelopment Agency Redevelopment Project  
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**WHEREAS**, the Agency has presented substantial evidence demonstrating its ability to make the required payments to the Taxing Entities after payment of debt service on the 2009 Bonds.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Supervisors of the County of Los Angeles that:

Pursuant to Health and Safety Code section 33607.5, the County, Fire, Flood and Library hereby agree that, so long as the 2009 Bonds remain outstanding, any and all payments which the Taxing Entities are entitled to receive from the Project area shall be, and shall remain, subordinate to the payments pledged from the Project to pay the principal of and interest on the 2009 Bonds.

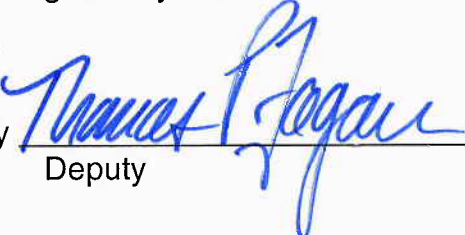
The foregoing resolution was on the \_\_\_\_ day of September 2009, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which the Board so acts.

SACHI A. HAMAI, Executive Officer-Clerk of  
the Board of Supervisors of the County of  
Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM

ROBERT E. KALUNIAN  
Acting County Counsel

By  \_\_\_\_\_  
Deputy